Rotta Research Laboratorium SpA & Anor v Ho Tack Sien & Ors

HIGH COURT (KUALA LUMPUR) — SUIT NO D-22(IP)-2138 OF 2001
MAH WENG KWAI JC
24 MARCH 2010

Civil Procedure — Documents — Discovery and inspection of documents — Application made after plaintiffs called all witnesses at trial — Whether discovery could be allowed at any stage of proceedings — Whether order necessary for fair disposal of matter — Rules of the High Court 1980 O 24 r 12

The plaintiffs sought, inter alia, an injunction against the first, second and third defendants from using or disclosing confidential information obtained from the second plaintiff; an injunction against the third defendant from passing off the business of the plaintiffs and an order of delivery up of infringing documents and materials by the defendants to the plaintiffs. The plaintiffs had also sought an injunction against the third, fourth and fifth defendants from infringing their trade mark and from passing off the infringed products. The plaintiffs alleged that the first and second defendants had stolen confidential information from them pertaining to the manufacturing process of the first plaintiff's glucosamine sulphate based product for the treatment of osteoarthritis, known as Viatril-S and marketing the same under the mark of Artril 250. At all material times the first defendant was employed by the second plaintiff as its group product manager and the second defendant was engaged by the second plaintiff as an independent consultant to help register new pharmaceutical products distributed and sold by the second plaintiff with the Drug Control Authority ('DCA') under the Ministry of Health, Malaysia. The plaintiffs alleged that the third, fourth and fifth defendants were involved in the manufacture, distribution and sales of a purported glucosamine sulphate based osteoarthritis drug known as Artril 250 which was similar to and/or bears a colourable and deceptive imitation of the first plaintiff's trademark. The case was partly heard, with the plaintiffs having called six witnesses. Without closing their case as yet, the plaintiffs had, vide a summons in chambers, applied to this court for an order of discovery and production against the first, second, third, fifth and sixth defendants of a document known as annex B, being a document required by the DCA when considering an application for the registration and approval of a pharmaceutical product. The plaintiffs required the said document for the sole purpose of comparing it with its own annex B to determine whether the defendants' annex B contained confidential information or trade secrets of the first plaintiff with regards to

the manufacturing of their product 'Artril 250' in competition with the plaintiffs' product 'Viatril-S'. In objecting to the application, the defendants contended that it was too late in the day for the plaintiffs to make the application considering that the plaintiffs had called all their witnesses at the trial. Further, the defendants contended that the plaintiffs should have sought the discovery of the defendants' annex B during the discovery stage or through interrogatories or by issuing a notice to produce and not during trial.

Held, allowing plaintiffs' application with costs:

(1) The court has a discretionary power to order the discovery of any document at any stage of the proceedings when the court is of the opinion that the order is necessary for disposing fairly of the cause or matter. It is trite law that the discretionary power has to be exercised fairly and judiciously in the best interest of justice having regard at all times to the circumstances of the case (see para 14).

(2) The plaintiffs had proven that the defendants' annex B sought to be discovered had satisfied the three criteria namely, that the document had been identified specifically, that it was relevant to the plaintiffs' case and that it was in the possession of the defendants (see para 15).

(3) The outcome of the trial would depend largely on whether the defendants' annex B contained confidential information allegedly stolen by the first and/or second defendants. A simple comparison of the contents of the defendants' annex B with the plaintiffs' annex B, would help the court to arrive at a quick and just decision. The production of the document was therefore, necessary for the court to know exactly what was contained in the defendants' annex B to arrive at a just decision (see paras 18 & 25).

[Bahasa Malaysia summary

Plaintif memohon, antara lain, satu injunksi terhadap defendan pertama, kedua dan ketiga daripada menggunakan atau mendedahkan maklumat sulit yang diperoleh daripada plaintif kedua; injunksi terhadap defendan ketiga daripada kelirupaan perniagaan plaintif dan perintah untuk penyerahan dokumen-dokumen dan material yang menyalahi oleh defendan-defendan kepada plaintif-plaintif. Plaintif-plaintif juga memohon injunksi terhadap defendan ketiga, keempat dan kelima daripada melanggar tanda dagang mereka dan dari kelirupaan produk-produk yang melanggar. Plaintif-plaintif menyatakan bahawa defendan pertama dan kedua telah mencuri maklumat sulit daripada mereka berkaitan dengan proses pengilangan produk berasaskan glukosamina sulfat plaintif pertama untuk rawatan osteoartritis, yang dikenali sebagai Viatril-S dan memasarkannya di bawah tanda 'Artril 250'. Pada semua masa material defendan pertama dilantik oleh plaintif kedua sebagai Pengurus Produk Kumpulan dan defendan kedua dilantik oleh

plaintif kedua sebagai perunding bebas untuk menolong mendaftarkan produk farmaseutikal baru yang diedarkan dan dijual oleh plaintif kedua dengan Drug Control Authority ('DCA') di bawah Kementerian Kesihatan, Malaysia. Plaintif menyatakan bahawa defendan ketiga, keempat dan kelima terlibat di dalam pengilangan, pemasaran dan jualan dadah osteoartritis berasaskan glukosamina sulfat yang dikenali sebagai Artril 250 yang serupa dengan dan/atau mempunyai colourable dan tiruan yang mengabui dengan tanda dagang plaintif. Kes tersebut didengar sebahagian, dengan plaintif memanggil enam orang saksi. Sebelum sempat kes mereka ditutup, plaintif-plaintif telah, melalui saman dalam kamar, memohon ke mahkamah ini untuk perintah penzahiran dan pengemukaan terhadap defendan pertama, kedua, ketiga, kelima dan keenam, dokumen yang dikenali sebagai annex B, sebagai dokumen yang diperlukan oleh DCA apabila mempertimbangkan permohonan untuk pendaftaran dan kelulusan produk farmaseutikal tersebut. Plaintif-plaintif memerlukan dokumen tersebut semata-mata untuk membandingkan dengan annex B mereka untuk memastikan sama ada annex B defendan-defendan mengandungi maklumat sulit atau rahsia perniagaan plaintif pertama berkenaan dengan pengilangan produk mereka Artril 250 dalam persaingan dengan produk Viatril-S. Dalam membantah permohonan tersebut, defendan-defendan menghujah bahawa adalah terlalu lambat untuk plaintif-plaintif membuat permohonan tersebut memandangkan plaintif-plaintif telah memanggil kesemua saksi mereka dalam perbicaraan. Selanjutnya, defendan-defendan menghujah bahawa plaintif-plaintif sepatutnya memohon penzahiran annex B defendan-defendan semasa peringkat penzahiran atau melalui siasatan atau dengan mengeluarkan notis pengemukaan dan bukan semasa perbicaraan.

Diputuskan, membenarkan permohonan plaintif-plaintif dengan kos:

(1) Mahkamah mempunyai kuasa budi bicara untuk memerintahkan penzahiran mana-mana dokumen pada mana-mana peringkat prosiding apabila mahkamah berpendapat bahawa perintah tersebut adalah perlu untuk memutuskan secara adil kausa atau perkara tersebut. Adalah undang-undang matan bahawa kuasa budi bicara perlu dilaksanakan secara adil dan mengikut undang-undang dalam kepentingan terbaik keadilan dengan memberi pertimbangan pada semua masa kepada hal keadaan kes (lihat perenggan 14).

(2) Plaintif-plaintif telah membuktikan bahawa annex B defendan-defendan yang dipohon untuk penzahiran telah memenuhi tiga kriteria iaitu, bahawa dokumen tersebut telah dikenali secara spesifik, bahawa ia adalah relevan untuk kes plaintif-plaintif dan bahawa ia berada dalam milikan defendan-defendan (lihat perenggan 15).

(3) Keputusan kes akan bergantung secara besar kepada sama ada annex B defendan-defendan mengandungi maklumat sulit yang dikatakan dicuri oleh defendan pertama dan/atau kedua. Perbandingan mudah kandungan annex B defendan-defendan dengan annex B plaintif-plaintif akan membantu mahkamah untuk mencapai keputusan yang cepat dan adil. Pengemukaan dokumen tersebut oleh itu, adalah perlu untuk mahkamah mengetahui dengan tepat apa yang terkandung di dalam annex B defendan-defendan untuk mencapai keputusan yang adil (lihat perenggan 18 & 25).]

Notes

For cases on discovery and inspection of documents, see 2(1) *Mallal's Digest* (4th Ed, 2007 Reissue) paras 2575–2576.

Cases referred to

Davies & Anor v Eli Lilly & Co & Ors [1987] 1 WLR 428, CA (refd)

Folin & Brothers Sdn Bhd v Wong Foh Ling & Wong Swee Lin & Ors [2001] 2 MLJ 23; [2001] 5 CLJ 476, HC (folld)

Manilal & Sons (Pte) Ltd v Bhupendra KJ Shan (TA JB International) [1990] 2 MLJ 282; [1990] 3 CLJ (Rep) 786, HC (refd)

Nguang Chan aka Nguang Chan Liquor Trader & Ors v Hai-O Enterprise Bhd & Ors [2009] 5 MLJ 40, CA (refd)

Sykt Chin Seng Supermarket v United Continental Insurance Sdn Bhd [1997] 5 MLJ 121, HC (refd)

Yekambaran s/o Marimuthu v Malayawata Steel Bhd [1993] MLJU 96; [1994] 2 CLJ 581, HC (refd)

Legislation referred to

Rules of the High Court 1980 O 24 rr 12, 13

Suaran Singh (Noryusdiana with him) (Sekhar & Suaran) for the plaintiffs. Hoo Lin Coln (Lin Coln & Co) for the defendants.

Mah Weng Kwai JC:

[1] The plaintiffs by their statement of claim dated 7 December 2001 sought, inter alia, an injunction against the first, second and third defendants from using or disclosing confidential information obtained from the second plaintiff; an injunction against the third defendant from passing off the business of the plaintiffs; an order of delivery up of infringing documents and materials by the defendants to the plaintiffs and an order for an account of profits or for damages to be assessed. The plaintiffs have also sought, inter alia, an injunction against the third, fourth and fifth defendants from infringing their trademark and from passing off the infringed products; an

order for the delivery up of the infringed products to the plaintiffs for disposal by destruction and an order for an account of profits or for damages to be assessed.

[2] The plaintiffs allege that the first and second defendants have stolen confidential information from them pertaining to the manufacturing process of the first plaintiff's glucosamine sulphate based product for the treatment of osteoarthritis, known as 'Viatril-S' and marketing the same under the mark of 'Artril 250'.

[3] At all material times the first defendant was employed by the second plaintiff as its group product manager and the second defendant was engaged by the second plaintiff as an independent consultant to help register new pharmaceutical products distributed and sold by the second plaintiff with the Drug Control Authority ('DCA') under the Ministry of Health, Malaysia.

[4] The plaintiffs allege that the third, fourth and fifth defendants are involved in the manufacture, distribution and sales of a purported glucosamine sulphate based osteoarthritis drug known as Artril 250 which is similar to and/or bears a colourable and deceptive imitation of the first plaintiff's trademark. The first plaintiff contends that the product is an infringement of their trademark and the passing off is intended to steal the business of the plaintiffs thereby causing loss to the plaintiffs.

[5] The first and second defendants have denied the allegations of theft of confidential information from the plaintiffs. The third, fourth and fifth defendants have denied the allegations of infringement of the first plaintiff's trademark and of passing off.

[6] The case was part heard by High Court Kuala Lumpur, Commercial Division 9 with the plaintiffs having called six witnesses. The plaintiffs have not closed their case.

[7] The plaintiffs have by a summons in chambers dated 5 January 2009 (encl 79) applied to the court for an order of discovery and production against the first, second, third, fifth and sixth defendants of a document known as annex B, being a document required by the DCA when considering an application for the registration and approval of a pharmaceutical product.

[8] The plaintiffs require the said document for the sole purpose of comparing it with its own annex B to determine whether the defendants' annex B contain confidential information or trade secrets of the first plaintiff with regards to the manufacturing of their product 'Artril 250' in competition with the plaintiffs' product 'Viatril-S'.

[9] The plaintiffs relied on the following grounds in support of their application:

(a) the existence of the document annex B filed by the defendants with the DCA has never been disputed by the defendants;

(b) there is no privilege or secrecy attached to the defendants' annex B;

(c) the purpose of the discovery and production of the defendants' annex B is solely for the purpose of comparison with the plaintiffs' annex B and there is no fear of any improper disclosure;

(d) the disclosure will assist the court in arriving at a true and fair decision after trial of whether the first and second defendants stole and used confidential information belonging to the plaintiffs;

(e) the defendants' annex B is a relevant document and is in the possession of the defendants;

(f) during the course of the trial several requests were made by the plaintiffs for the discovery of the defendants' annex B but the defendants did not do so; and

(g) the defendants have failed to show why discovery should be denied besides alleging it is a 'fishing expedition'.

[10] The defendants have objected to the application on the following grounds:

(a) that it is too late in the day for the plaintiffs to make this application considering that the plaintiffs have called all their witness at the trial;

(b) the plaintiffs ought to have sought discovery of the defendants' annex B during the discovery stage or through interrogatories or by issuing a notice to produce and not during trial;

(c) there is no evidence of theft against the first and/or second defendants in the domestic inquiry conducted by the plaintiffs;

(d) the plaintiffs have to satisfy the court that the production of the defendants' annex B is necessary for the purposes as stated in O 24 r 13 of the Rules of the High Court 1980 ('RHC');

(e) the plaintiffs will not suffer any disadvantage with the non-disclosure of the defendants' annex B as the plaintiffs have not proven that the first and/or the second defendants have stolen confidential information belonging to the plaintiffs; and

(f) that the application in an abuse of process of court and is a 'fishing expedition'.

[11] After hearing submissions by both counsel I allowed the application for discovery on 11 February 2010.

[12] Being dissatisfied with the decision, the defendants have filed their notice of appeal dated 8 March 2010.

[13] The following are my grounds for allowing the application with costs:

(a) The discovery and inspection of documents is governed by O 24 of the RHC. In particular O 24 r 12 of the RHC provides for the production of documents to the court. Order 24 r 12 reads:

> *At any stage of the proceedings* in any cause or matter the Court may, subject to rule 13 (1), order any party to produce *to* the Court any document in his possession, custody or power relating to any matter in question in the cause or matter and the Court may deal wit the document when produced in such manner as it thinks fit.

and O 24 r 13 of the RHC further provides:

(1) No order for the production of any document for inspection or *to* the Court shall be made under any of the foregoing rules unless the Court is of the opinion that the order is *necessary either for disposing fairly of the cause or matter* or for saving costs.

(2) Where on an application under this Order for production of any document for inspection or to the Court privilege from such production is claimed or objection is made to such production on any other ground, the Court may inspect the document for the purpose of deciding whether the claim or objection is valid.

[14] It is clear that the court has a discretionary power to order the discovery of any document at any stage of the proceedings when the court is of the opinion that the order is necessary for the disposing fairly of the cause or matter. It is trite law that the discretionary power has to be exercised fairly and judiciously in the best interest of justice having regard at all times to the circumstances of the case.

[15] To my mind the plaintiffs have shown that the defendants' annex B sought to be discovered has satisfied the three criteria namely:

(a) the document has been identified specifically;

(b) it is relevant to the plaintiffs' case; and

(c) it is in the possession of the defendants.

[16] Edgar Joseph Jr SCJ in the case of *Yekambaran s/o Marimuthu v Malayawata Steel Bhd* [1993] MLJU 96; [1994] 2 CLJ 581 held: A

> The essential elements for an order for discovery are threefold, namely first, there must be a 'document', secondly, the document must be 'relevant' and thirdly, the document must be or have been in the 'possession, custody or power' of the person against whom the order for discovery is sought … As to 'relevance', our Rules of the High Court limit discovery to documents which are 'relevant to' or 'relate' *to the factual issues in dispute*. B

[17] The crux of the plaintiffs' claim against the defendants is that the defendants' annex B contains confidential information allegedly stolen by the first and/or second defendants when in the employ of the second plaintiff. C

[18] In the final analysis the outcome of the trial will depend largely on the finding by the court of whether the defendants' annex B contains confidential information allegedly stolen by the first and/or second defendants. A simple comparison of the contents of the defendants' annex B with the plaintiffs' annex B, will help the court to arrive at a quick and just decision. I am of the view that the production of the document is necessary for a fair disposal of the case. D E

[19] The document which has been identified by the plaintiffs is in the possession of the defendants. Hence there is no issue of uncertainly as to the identity or existence of the document. F

[20] The court may order the production of any document at any stage of the proceedings and this would include the trial stage. In this case the plaintiffs, although having called their witnesses, have not closed their case. While it would have been salutary for the plaintiffs to have filed their application before the commencement of trial, the filing and disposal of the application during the trial does not prejudice the defendants' position. The plaintiffs had during the trial and before the filing of the application requested the defendants on several occasions to produce the defendants' annex B, but the defendants did not accede to the requests. G H

[21] In the cited case of *Manilal & Sons (Pte) Ltd v Bhupendra KJ Shan (TA JB International)* [1990] 2 MLJ 282; [1990] 3 CLJ (Rep) 786, Chao Hick Jin J (as he then was) at p 796 held: I

> Under the general order of court for discovery, a party is obliged to make discovery of all documents relevant to the matters in question in the action. What are the matters in question would depend on the pleadings. A document relates to the matter in question in the action if it contains information which may — not which must — either directly or indirectly enable the party requiring the discovery to

advance his own case or to damage the case of his adversary or which may fairly lead to a train of inquiry may have either of those two consequences.

[22] And in the case of *Sykt Chin Seng Supermarket v United Continental Insurance Sdn Bhd* [1997] 5 MLJ 121 Nik Hashim JC (as he then was) held that:

> The effect of r 12, which should be read with r 13, is that it gives the power to the court at any stage of the proceedings to order any party to produce to the court any document in his possession, custody or power; whereas para (1) of r 13 stipulates the guiding consideration for any order for production and inspection, whilst para (2) empowers the court where an objection to production or inspection is made on a claim for privilege to determine the validity of such objection. By the terms of the provisions under the rules, the power of the court to order production of any document, to my mind is discretionary in nature, the exercise of which depends on the merit of each case.

[23] The rationale for discovery in this case is to enable the plaintiffs to compare the defendants' annex B with their own annex B, both of which have been registered with the DCA. It was ordered that the defendants' annex B be produced to court for a comparison to be carried out by the learned senior assistant registrar. That is the declared intention of the exercise and the defendants can rest assured that their document will not be used for any other purpose.

[24] 'The whole process of discovery is subject to the control of the court. Effectively applied and appropriately used, discovery is the surest way to appraise the strengths or weaknesses of the opponent's case' per Abdul Malik Ishak J (now JCA) in *Folin & Brothers Sdn Bhd v Wong Foh Ling & Wong Swee Lin & Ors* [2001] 2 MLJ 23; [2001] 5 CLJ 476 at p 490. That observation by the learned judge will most certainly apply to this case.

[25] The crucial factor for consideration in an application for discovery is relevancy. With respect to defence counsel, I do not think that in this case the plaintiffs are embarking on a fishing expedition. On the contrary, it will be expedient and indeed necessary for the court to know exactly what is contained in the defendants' annex B to arrive at a just decision.

[26] Donaldson MR in his judgment in *Davies & Anor v Eli Lilly & Co & Ors* [1987] 1 WLR 428 explains the rationale for discovery as follows:

> The right (to discovery) is peculiar to the common law jurisdiction. In plain language, litigation in this country is conducted 'cards face up on the table'. Some people from other lands regard this as incomprehensible. 'Why', they ask, 'should I be expected to provide my opponent with the means of defeating me?' The

answer, of course, is that litigation is not a war or even a game. It is designed to do real justice between opposing parties, and, if the court does not have all the relevant information, it cannot achieve this object. But that said, there have to be safeguards. The party who is required to place all or most of his cards face up on the table is entitled to say. 'Some of these cards are highly confidential. You may see them for the purpose of this litigation but, unless their contents are disclosed to all the world as part of the evidence given in open court, their contents must be used for no other purpose'. This is only fair, because as has been well said, discovery of documents involves a serious invasion of privacy which can be justified only in so far as it is absolutely necessary for the achievement of justice between the parties.

[27] In the case of *Nguang Chan aka Nguang Chan Liquor Trader & Ors v Hai-O Enterprise Bhd & Ors* [2009] 5 MLJ 40, Tengku Baharudin Shah JCA clearly held that 'it is for the party seeking production to satisfy the court that such production is necessary for the purpose specified in r 13(1)'.

[28] I am satisfied that the plaintiffs have shown that the production of the defendants' annex B is necessary for a fair disposal of the case. I accordingly allowed the plaintiffs' application with costs.

Plaintiffs' application allowed with costs.

Reported by Ashgar Ali Ali Mohamed